


September 29, 2020

FOR YOUR INFORMATION

To: Mayor and Members of City Council
From: Paula Boggs Muething, Interim City Manager 
Subject: 2020 Notice of Funding Availability Awards

The Department of Community & Economic Development (DCED) Notice of Funding Availability program (NOFA) provides loans to non-profit and for-profit developers to finance site preparation and other hard construction costs for residential development projects, including rehabilitation or new construction of multi-family residences, homeownership initiatives, and certain housing-related infrastructure. Provided loans may be for up to 40% of total project costs. The goal of NOFA is to support projects that provide a full spectrum of healthy housing options and to improve housing quality, affordability, and availability throughout Cincinnati. Funding for NOFA is appropriated by Council through the City's capital budget and through appropriations of Federal Entitlement Funds (CDBG & HOME), with expenditures of such federal funds made pursuant to the City's 5-Year Consolidated Plan and Annual Action Plan.

On March 16th, DCED advertised NOFA funding in the amount of \$5,750,000 from the following sources:

Name	Source	Total
Home Investment Partnerships Program (HOME)	Federal	4,000,000.00
Cincinnati Housing Improvement Funds (CDBG)	Federal	1,000,000.00
City Capital	Local	750,000.00
Total		5,750,000.00

DCED received initial notices of intent to apply for funds for 18 projects, with requests for funding totaling approximately \$13 million. Ultimately, DCED only received twelve applications, with requests for funding totaling \$8.2 million. Ten projects were conditionally awarded funding totaling \$6.9 million, leveraging an anticipated \$70.3 million in private investment. Collectively, these projects create and preserve 364 total housing units, 350 (96%) of which are affordable to households at and below 80% AMI. The additional resources made available beyond the anticipated \$5.75 million were the result of a roll-over of prior year NOFA funds. As a next step, DCED will be working with each of these project developers on due diligence items prior to contract execution, loan closing, and commencement of construction. Below you will find descriptions for each awarded project.

60 E. McMicken

Developer: 8K Development Company | **Neighborhood:** Over-The-Rhine | **Est. Total Project Cost:** \$1.5 Million | **Number of Units (Affordable):** 8 (3) | **Income Targets:** 80% AMI | **NOFA Award:** Up to \$280,000 of City Capital Funds

- This is the historic renovation of two buildings located on East McMicken Avenue.
- Community Support was obtained from OTR Community Council.

Blair Lofts Phase I

Developer: Fairfield Homes, Avondale Development Corporation | **Neighborhood:** Avondale | **Est. Total Project Cost:** \$13.5 Million | **Number of Units (Affordable):** 64 (All) | **Income Targets:** 30% to 60% AMI | **NOFA Award:** Up to \$1,000,000 of Federal HOME Funds

- This is the new construction of a four-story building located on the corner of Blair and Reading Road. This project is utilizing Low-Income Housing Tax Credits.
- Community Support was obtained from Avondale Community Council.

Mergard-Ruth Ellen

Developer: College Hill Urban Redevelopment Corporation | **Neighborhood:** College Hill | **Est. Total Project Cost:** \$5.8 Million | **Number of Units (Affordable):** 27 (All) | **Income Targets:** 80% AMI | **NOFA Award:** Up to \$800,000 of Federal HOME Funds

- 27 residential unit and mixed-use development comprised of three vacant and blighted buildings along Hamilton Avenue will be redeveloped into 16 residential units, a mix of studio and 1-BR apartments.
- Support was obtained from College Hill Community Council.

Apple Street Development

Developer: Pennrose & Northsiders Engaged in Sustainable Transition | **Neighborhood:** Northside. | **Est. Total Project Cost:** \$11.1 Million | **Number of Units (Affordable):** 57 (All) | **Income Targets:** 30% to 60% AMI | **NOFA Award:** Up to \$1,000,000 of Federal HOME Funds

- This is the new construction of a three-story building for senior housing located at 4145 Apple Street. This project is utilizing Low-Income Housing Tax Credits.
- Community Support was obtained from Northside Community Council.

Bennett Point

Developer: Cincinnati Metropolitan Housing Association | **Neighborhood:** Pendleton | **Est. Total Project Cost:** \$15.9 Million | **Number of Units (Affordable):** 56 (47) | **Income Targets:** 60% AMI | **NOFA Award:** Up to \$1,000,000 of City Capital Funds

- This is the new construction of two buildings located 528 and 600 East Twelfth Street. This project is utilizing Low-Income Housing Tax Credits.
- Community Support was obtained from the Pendleton Neighborhood Council.

Melrose Place

Developer: Interfaith Hospitality Network of Greater Cincinnati and The Model Group | **Neighborhood:** Walnut Hills | **Est. Total Project Cost:** \$6.5 Million | **Number of Units (Affordable):** 26 (All) | **Income Targets:** 30% to 60% AMI | **NOFA Award:** Up to \$400,000 of City Capital Funds

- This is the new construction of a four-story building located at the corner of Oak Street and Melrose Avenue. This project will be Permanent Supportive Housing and is Utilizing Low-Income Housing Tax Credits.
- Community Support was obtained from the Walnut Hill Area Council.

Colonial Village

Developer: Related Affordable | **Neighborhood:** Avondale | **Total Project Cost:** \$12.6 Million | **Number of Units (Affordable):** 66 (All) | **Income Targets:** 60% AMI | **NOFA Award:** Up to \$1,000,000 of Federal Cincinnati Housing Improvement Funds

- renovation of existing affordable townhomes originally constructed in 1956. This project is utilizing Low-Income Housing Tax Credits.
- Community Support was obtained from the Avondale Community Council.

Broadway Square 4

Developer: The Model Group | **Neighborhood:** Pendleton | **Total Project Cost:** \$7.5 Million | **Number of Units (Affordable):** 32 (All) | **Income Targets:** 60% to 80% AMI | **NOFA Award:** Up to \$450,000 of Federal HOME Funds

- This is gut rehab of seven (7) historic residential and mixed-use buildings scattered along East 12th, East 13th, and East 15th Street.
- Evidence of some engagement presented, but the project has not yet been considered for a vote.

Hughes and Seitz Apartments

Developer: A & L Properties | **Neighborhood:** Mt. Auburn | **Est. Total Project Cost:** \$2.1 Million | **Number of Units (Affordable):** 23 (All) | **Income Targets:** 80% AMI | **NOFA Award:** Up to \$400,000 of City Capital Funds

- This is the renovation and reconfiguration of three historic and vacant building located at the Corner of Hughes and Shiller and on Mulberry.
- Community Support was obtained from the Over-The-Rhine Community Council.

Habitat Homeownership

Developer: Habitat for Humanity | **Neighborhood:** Lower Price Hill | **Est. Total Project Cost:** \$1.1 Million | **Number of Units (Affordable):** 5 (All) | **Income Targets:** 80% AMI | **NOFA Award:** Up to \$364,000 of Federal HOME funds.

- This is the renovation of five (5) single family homes scattered through the Lower Price Hill Neighborhood.
- Community Support was obtained from the Lower Price Hill Community Council.

NOFA AWARD PROCESS AND UNFUNDED PROJECTS

In response to additional inquiries received from Councilmember Sittenfeld, this section provides supplemental information on the process for diligencing and selecting projects for NOFA awards. Further, this section contains additional information on the two applications that did not receive NOFA awards in this round of funding: the Lower Price Hill Thrives project and The Summit project.

In general, the NOFA award process is a competitive application process, which is based upon guidelines published by DCED and attached for reference. Developers submit applications, then DCED performs a preliminary review and diligences received applications. As part of the evaluation criteria, DCED analyzes each submission against a scoring criteria that accounts for project financing, project characteristics, and project type. As stated in the 2020 NOFA guidelines, in addition to the scoring criteria, an important component of analysis is an applicant's property ownership history (including any Building, Fire, Health, or property related code violations) and an applicant's NOFA project history (including past NOFA project performance, and capacity of applicants given existing pipeline of awarded NOFA projects). In the guidelines, the City specifically reserves the right to deny any applicant with past or present code violations, public nuisance cases, failure to pay financial obligations to the City, existing project compliance issues, or for poor property management history. The scoring criteria, the additional background information regarding the applicants, and the City Administration's housing policy objectives are all utilized to generate final award recommendations, which are presented by the DCED Director to the City Manager and Mayor for final approval.

For the \$5.75 million available in the 2020 NOFA Round, the City received \$8.2 million in funding requests. Some projects were awarded less than what was requested and two projects were not awarded funding. All submissions were excellent development opportunities, which required tough choices to be made.

The Lower Price Hill Thrives project, located in Lower Price Hill, was one project that was not recommended for funding. This applicant, a collaboration between Community Matters and Over-The-Rhine Community Housing, requested \$1 million dollars in funding to, in-part, finance the development of 27 rental units targeting household incomes between 30% and 60% AMI. Though there were many positive factors for this project, additional applicant background information, some level of community opposition, and policy implications all informed the final decision. For one, properties controlled by Community Matters have a history of code violations, and the organization has failed to be responsive to the Department of Buildings and Inspections (B&I) on addressing these concerns. One subject property has an ongoing civil citation due to outstanding orders that have remained unremedied for several years, despite multiple notices from B&I. There have also been issues with overgrown weeds and other blight conditions. Further, there was some level of community opposition to the project, particularly around parking issues. Finally, the City determined to fund the Habitat Homeownership project in Lower Price Hill, which from a policy perspective was determined as a better development outcome for the neighborhood.

The Summit project, located in Roselawn, is the other project that was not recommended for financing. The applicant, a collaboration between the Model Group and Talbert House, requested funding to, in part, finance the development of 58 rental units targeting household incomes between 30% and 60% AMI. Again, though there are many positives factors for this project, additional information on the project informed the final decision. Namely, construction had already commenced on the project, so the necessity of City funding was in question, there was some level of community opposition, and there were also timing considerations due to the applicant's need to receive the City's funding in time to meet certain benchmarks associated with the project's financing.

Finally, it should be noted that the decision to award or not to award for a particular project is not made in a vacuum but is made through comparisons and trade-offs with other projects. In this instance, it was determined that the City should prioritize funding affordable housing units in College Hill because the City has recently invested in the development of substantial market-rate housing in the area. It has been a well-established City policy objective to ensure balanced development of both market-rate and affordable housing in our neighborhoods and this project presented an opportunity to clearly carry out that policy objective.

This memo is for informational purposes only and no action is requested.

Attachments: 2020 NOFA Guidelines

Copy: Markiea L. Carter, Interim Director, Department of Community and Economic Development

Attachment – 2020 NOFA Guidelines

[See attached]